

Proposition 218 Notification to Property Owners of Public Hearing on Proposed Water Rate Increases

NOTICE IS HEREBY GIVEN that the City of Lincoln will hold a public hearing on Tuesday, August 14, 2018 at 6:00 p.m. at the City Hall, 600 Sixth Street, Lincoln, California, to consider adoption of proposed water rate increases in the City's water rates and charges. If approved by City Council, the proposed rate increases will be effective for services provided on or after October 1, 2018.

PUBLIC HEARING AND PROTEST PROCEEDINGS

In 1996 California voters approved Proposition 218, which amended the state constitution relating to passage of property related fees. Proposition 218 requires the City to inform property owners and rate payers that 1) proposed rates are being considered; 2) clearly demonstrate the basis on which the rates are calculated; and 3) hold a public hearing at least 45 days after public notification. Utility rate increases are subject to majority protest. If a majority of impacted property owners submit written protests, the proposed rate increases cannot be adopted.

Written protests may be submitted in person to the City Council at the Public Hearing. They may also be submitted by mail addressed to the City of Lincoln City Clerk, 600 Sixth Street, Lincoln CA 95648. **Both in person and mailed written protests must be received prior to the close of the public hearing on August 14, 2018.** Each written protest must clearly identify the property or account (by assessor's parcel number or street address), reference the proposed water rates and must include the signature of the property owner or tenant, as applicable. Due to the inability to verify the authenticity of each individual protest, protests received by telephone, electronic mail (e-mail), or via social media sites, including, but not limited to, Facebook or Twitter shall **NOT** be accepted.

All interested parties are invited to attend the public hearing and present written protests and/or oral comments on the proposed rate increases referenced herein. Oral comments made at the public hearing will qualify as formal protests of the proposed rates if accompanied by a written protest setting forth the required information (as set forth above). If written protests are submitted by a majority of the affected property owners or customers, the proposed rates will not be imposed.

WHY IS THE CITY PROPOSING RATE INCREASES?

The City is dedicated to keeping rates low by maintaining lean staffing levels and using reserves when necessary. However, the costs involved to purchase, pump, treat and deliver water as well as maintain the water system infrastructure continue to rise. The City's cost to provide water service include the cost of: (1) water supply costs from Placer County Water Agency (PCWA) who provides 90% of our annual consumption; (2) operations and maintenance; (3) repair and rehabilitation of the City's water system.

For the past several months, the City has engaged in an extensive analysis of its water costs, revenues and rates. In addition to hiring an independent water rate consulting firm, the City convened a Citizen's Ad Hoc Water Rate Committee (Ad Hoc Committee) to aid staff in evaluating a variety of policy-related issues that would be formally proposed to City Council for consideration. Based on high priorities to adopt rates that provided financial stability and affordability, the Ad Hoc Committee recommended a single uniform rate structure to be implemented to all of the City's water customers.

EXPLANATION OF PROPOSED WATER RATE INCREASES

The implementation of a single uniform volumetric rate from the City's existing tiered water rate structure will create minor monthly water rate increases for customers with low water consumption. Customers with higher water consumption will realize a reduced monthly cost for water.

The proposed water rate structure will have: (1) a monthly service charge based upon the size of the service meter, and (2) a volumetric charge applied to each 1,000 gallon increment of water delivered. The proposed monthly service charge includes the following three components and their respective amount per Equivalent Meter Unit (EMU). One EMU is the flow rate for a ¾" water meter.

1. City Fixed Component – Recovers 100% of Administration, Operation and Maintenance expenses required to deliver water. \$12.30
2. CIP Fixed Component – Recovers 100% of Capital Improvement Project expenses. \$16.10
3. PCWA Fixed Component – Recovers a portion of the PCWA fixed charges attributed to the median monthly residential use of 6,000 gallons. \$4.49

Total proposed monthly service charge per EMU	\$32.89
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The table below shows the proposed monthly service charge for the different meter sizes for the next five fiscal years.

PROPOSED MONTHLY SERVICE CHARGES

<u>Meter Size</u>	<u>Current Monthly Service Charges</u>	<u>Proposed Monthly Service Charges</u>
¾"	\$ 34.35	\$ 32.89
1"	\$ 51.53	\$ 54.81
1.5"	\$ 171.77	\$ 131.54
2"	\$ 274.83	\$ 208.27
3"	\$ 549.65	\$ 476.82
4"	\$ 858.83	\$ 822.09
6"	\$1,717.50	\$1,753.79
8"	\$2,442.87	\$3,069.14

The proposed single uniform volumetric rate recovers 100% of the PCWA volumetric rates, 100% of the City's costs associated with pumping groundwater, and the remaining portion of the PCWA fixed charges.

PROPOSED VOLUMETRIC RATES – PER 1,000 GALLONS

<u>FY 18-19</u>	<u>FY 19-20</u>	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 22-23</u>
\$2.37	\$2.37	\$2.37	\$2.37	\$2.37

COMPARISON OF CURRENT RATES AND PROPOSED RATES

Rate comparisons for ¾" meter services, which currently includes 96% of residential customers and 42% on non-residential customers.

<u>Consumption</u>	<u>Current Residential</u>	<u>Current Non-Residential</u>	<u>Proposed All Customers</u>
5,000	\$ 42.35	\$ 42.35	\$ 44.74
8,000	\$ 50.18	\$ 47.15	\$ 51.85
12,000	\$ 60.62	\$ 53.55	\$ 61.33
18,000	\$ 83.28	\$ 63.15	\$ 75.55
26,000	\$136.31	\$ 75.95	\$ 94.51
35,000	\$208.22	\$ 90.35	\$115.84
50,000	\$373.37	\$174.80	\$151.39

The proposed water rates are based on the Water Rate Study completed by Raftelis Financial Consultants Inc. dated May 31, 2018 which is available on the City's website at www.ci.lincoln.ca.us. For more information about the water rates and services, please send an email to 2018utilityrates@lincolnc.ca.gov.